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SUBJECT: DAS Christensen's Meetings on Cross-Strait Issues
in Xiamen, February 2

Classified by Consul General Robert Goldberg for reasons
1.4 (b) and (d).

11. (C) SUMMARY: Official and academic contacts in Xiamen from the local Taiwan Affairs Office and the University's Taiwan research center told EAP DAS Thomas Christensen February 2 that overall they were cautiously optimistic about the future cross-Strait relations. They pointed to economic ties and people-to-people exchanges as the key developments mitigating hostilities between the two sides during the past 20 years. However, they were concerned about the cross-Strait political dynamic, with the TAO stating that Taiwan's leaders cared for nothing but power. As to the future of the Taiwan political system, the TAO official said that the 2007 congressional elections would validate a two-party system (KMT and DPP) and marginalize other parties. Officials and scholars alike called on the U.S. not to send the "wrong signal" to Taiwan authorities by selling arms and fueling Taiwan separatist ambitions. DAS Christensen made a forceful intervention at Xiamen University on this point, citing the U.S. commitment to a Taiwan that can defend itself as well as a U.S. administration declaration opposing unilateral changes by either side in the cross-Strait relationship. The Xiamen officials and scholars predicted that no matter which political party wins the 2008 presidential campaign, there would be no significant improvement in cross-Strait relations. END SUMMARY.

12. (C) On February 2, DAS Christensen met with Huang Chengjian, Director-General of the Xiamen Government's Taiwan Affairs Office, and Liu Guoshen, President of Xiamen University's Taiwan Research Institute, to discuss cross-Strait relations and prospects. Huang has spent most of his career working in the Taiwan Affairs Office in Xiamen, while Liu heads up one of the best known Taiwan research academic organizations on the mainland.

Cautious optimism

13. (C) Both Huang and Liu said they were "cautiously optimistic" about cross-Strait relations - the mainland is more confident as a result of its "peaceful development" and economic evolution while, for the present, Taiwan's authorities lack the domestic political ability to move toward independence. China's policy of "peaceful unification" remains unchanged, according to Huang; it grows out of the mainland's need for a peaceful and harmonious international environment, not just a desire for good relations with the United States. For his part, Liu

said that the mainland's "peaceful development" policy will remain unchanged until significant change occurs in Taiwan which will allow for movement toward closer associations. Both agreed that the mainland's development is narrowing its economic gap with Taiwan. Moreover, growing economic and people-to-people exchanges and cooperation over the past 20 years have led to a growing convergence of feelings on both sides. These trends are favorable to the mainland. In Huang's words, "time is on our side."

¶4. (C) While he was concerned about Chen Shui-bian's intentions and agenda, Huang did not think there was much likelihood of Chen's proclaiming independence. A small number of people in Taiwan might want to declare independence, but Chen, in large part because of corruption scandals surrounding him, lacked the support in Taiwan's legislature and in the public. This made problematic the ability to have debates on sovereignty, territory, the name of the "country," and the kind of system Taiwan would adopt, presidential or parliamentary. Most people there prefer that the current cross-Straits situation remain unchanged. Huang recognized that unification with the mainland now was not in the cards as the economic gap was too big to bridge; however, neither was independence a viable option for the people of Taiwan as that would create instability.

¶5. (C) Both Huang and Liu said Taiwan's political parties are obsessed with power, and that their goal was not the good of the people, but to maintain themselves in power. Neither Chen Shui-bian nor Lee Teng-hui was a statesman willing to sacrifice themselves for a political belief. They just use cross-Straits issues as the tool in their power struggle. What concerned Huang and Liu was the

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shadow of "accidental" cross-Straits clashes caused by Taiwan's political contests. Beijing might be provoked by Taiwan "irritations," and this could lead to situations that were not in anyone's interest.

Prospect for congressional elections in Taiwan

¶6. (C) Huang predicted that the 2007 Legislative Yuan (LY) elections, with the LY seats reduced by one half, would lead to the emergence of a clear two-party system, with other parties marginalized.

¶7. (C) As for the Taiwan Union Party, Huang said it did not have a promising future. He said the TSU would be at a "dead-end road" if it chose to join the DPP. The latter's own internal power struggles did not leave much room for competition. The TSU, moreover, lacked a clear political goal. It was unclear where it was headed, Liu said, with TSU's Lee Teng-hui recently saying he had never supported

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Taiwan independence. Liu said that we should watch closely whether Lee engaged in discussions with, or allied with, Ma Ying-jeou, a step that could push the DPP further towards independence.

¶8. (C) According to Huang Chengjian, the real problem in Taiwan is not "unification" versus "independence," but "north" versus "south," i.e., the economic gap between the island's northern and southern areas. The northern part of Taiwan is very prosperous, while its southern part is much more backward. This had produced a situation of "envying the rich while disliking the poor" - which Huang called typical of oriental cultures. These feelings common among Taiwanese have fueled the DPP's independence movement. In Huang's view, the DPP came to power on themes focusing on anti-corruption and localization; the latter was synonymous for dealing with the economic gap between north and south. Since the DPP had shown itself to be corrupt since coming

to power, the party was now increasingly forced to rely on its localization and regional populist appeal.

Prospect for candidates for president election

¶9. (C) Huang said that Ma Ying-jeou's election prospects in the 2008 presidential race were very high. Ma's major challenges were to consolidate the KMT politically (i.e., gain support from influential senior members) and to build up his own skills in handling the DPP. Huang said that "only Ma can defeat Ma." Huang also thought Wang Jyn-ping would eventually toss his lot in with Ma; otherwise both of them would find themselves on the outside against a successful DPP candidate.

¶10. (C) As for the DPP, Huang thought Su Tseng-chang was a promising politician, good at "moving two steps forward and walking one step backward." Su would be a very competitive candidate for the presidential campaign if he got the DPP's nomination. Su's current priority is to win support inside the DPP while distancing himself from Chen Shui-bian. In the presidential campaign, he might well pair up with Frank Hsieh. The key to Su's success would be how he handled his relations with Chen Shui-bian and the New Tide Faction.

¶11. (C) Huang said Frank Hsieh's chance of becoming a presidential candidate was not very high, while Annette Lu had no friends, and Yu Shyi-kun lacked influence. Both Huang and Liu Guoshen said it would be very difficult to predict the result of Taiwan's election; many Taiwanese voters changed their minds inside the ballot booth.

¶12. (C) Regardless of who becomes the next Taiwan President, Huang and Liu said there would not be much improvement in cross-Straits relations. Huang said that if Su wins, cross-Straits relations "will not improve much, nor will it deteriorate much," noting that Taiwan's premier, Xu, had not been involved in foreign affairs. Su's priority would remain Taiwan development, not relations with the mainland. Ma Ying-jeou might recognize "one China" and the "1992 consensus," and push forward the "big three links" if he wins the election, but he would do little more than that. Huang and Liu both said that Beijing had not placed too much hope that a Ma win would lead to a drastic improvement of cross-Straits relations. But they both did note that Ma might be able to say and do

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some things that Chen Shui-bian had not been able to do in terms of seeking a bit of international space for Taiwan. In any case, the U.S. should show more confidence in Beijing's ability to deal with the cross-Straits situation than it has until now; the U.S. should essentially trust in Beijing's professions that the policy of peaceful development and peaceful unification would carry the day.

Expectation for USG: no wrong signal to Taiwan

¶13. (C) Both Huang and Liu said the USG should send Taiwan the "right signal" instead of a "wrong" one that causes Taiwan to test Beijing's bottom line with regard to actions promoting Taiwan independence. In response to comments Liu made about U.S. arms sales to Taiwan and the U.S. actually telling Taiwan what to buy, DAS Christensen provided a brief review of America's obligations to ensure that Taiwan had the wherewithal to defend itself, especially as China's military modernization was directed in large part against Taiwan; he refuted Liu's contention that the U.S. decided for Taiwan what weapons systems Taiwan should procure. That was clearly Taiwan's responsibility. He pointed out that when Washington agreed to sell weapons requested by Taiwan, this did not represent support of independence. He reminded Liu of the President's declaration of December 2003 to Premier Wen Jiabao about opposing unilateral

changes in the status quo in the cross-Strait situation by either side. America's one-China policy, DAS Christensen said, should be seen as a whole and not disaggregated to focus on one element over another.

114. (C) DAS Christensen cleared this cable.

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